

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0615-01
Bill No.: HB 368
Subject: Administration, Office of, Business and Commerce; Contracts and Contractors;
Minorities
Type: Original
Date: February 18, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(\$253,386)	(\$312,955)	(\$322,107)
Total Estimated Net Effect on General Revenue Fund	(\$253,386)	(\$312,955)	(\$322,107)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Division of Purchasing and Materials Management** assume the proposal would have no fiscal impact on their office.

Officials from the **Office of Administration – Office of Equal Opportunity (OEO)** assume the proposal would double the workload of their office and require the use of a consultant, an additional FTE (Certification Specialist), and extensive travel expense. OEO states there are currently 1500 certified MBE/WBE businesses and assumes it would take three years to complete current business' reviews. OEO assumes the consultant would take 500 cases per year to review at \$489 per case resulting in cost of \$244,500 in FY 2003.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE FUND			
<u>Cost - Office of Equal Opportunity</u>			
Salary (1 FTE)	(\$27,327)	(\$33,612)	(\$34,452)
Fringe Benefits	(\$11,059)	(\$13,603)	(\$13,943)
Expense and Equipment - Consulting	(\$203,750)	(\$251,835)	(\$259,390)
Expense and Equipment - Travel & Other	(\$11,250)	(\$13,905)	(\$14,322)
<u>Total Cost</u>	<u>(\$253,386)</u>	<u>(\$312,955)</u>	<u>(\$322,107)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$253,386)</u>	<u>(\$312,955)</u>	<u>(\$322,107)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

New small businesses may find it impossible to contract with the state due to lack of reference and the recognition of the ability to perform. In addition, small businesses that are found capable of performing could realize more state involvement regarding their operations and customer satisfaction.

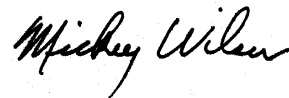
DESCRIPTION

This proposal requires the Office of Equal Opportunity in the Office of Administration to certify that each minority- and women-owned business listed in its directory of businesses has the ability, equipment, and facilities to provide the commodity or service for which it is listed. The proposal also requires the office to check at least two of the customer references supplied by the businesses.

This proposal is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration – Office of Equal Opportunity
Office of Administration – Division of Purchasing and Materials Management



MICKEY WILSON, CPA
DIRECTOR

FEBRUARY 18, 2003